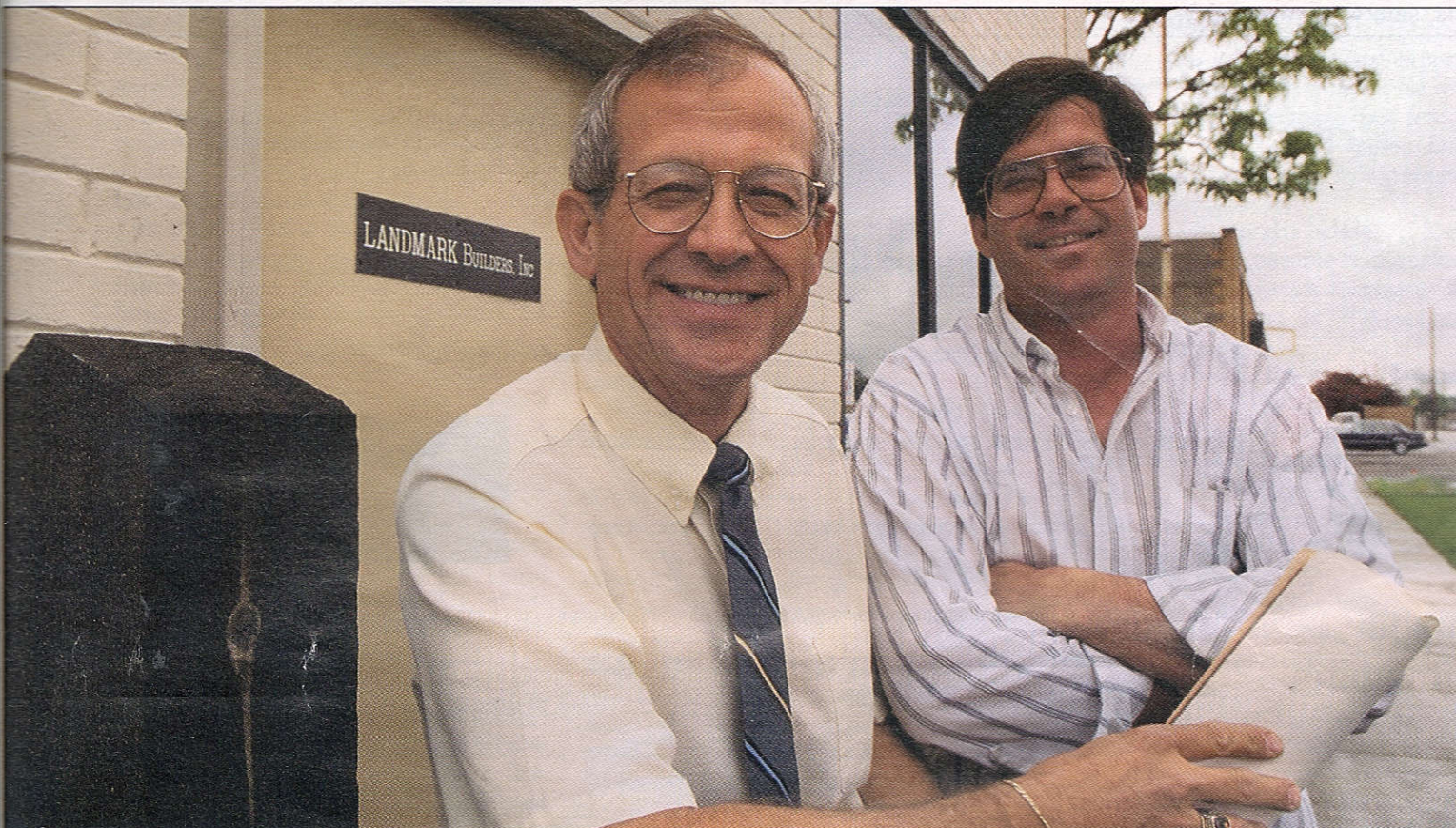


■ COVER STORY: COMING BACK FROM FAILURE



DWIGHT CENDROWSKI

Tom Dzon (left) had three businesses fail in the mid-'70s but has persevered. He and Jim Scott now run Landmark Construction in Warren. "I don't look at myself as a failure," Dzon said. "I just have ups and downs."

DURESS SUCCESS

BY JEFFREY McCracken
CRAIN'S SMALL BUSINESS

Words like "haunt," "gnaw" and "pain" punctuate Stephen Read's sentences as he recalls the decision to close his executive-search firm 13 years ago.

Sluggish economics and the prelude to corporate cutbacks crippled Read's Southfield company. He'd owned it just briefly when he had to call in his eight employees and explain the bleak writing on the wall.

"You may never really get it behind you," Read said. "It really ate at me ... for a real long time. The reality of it was we would eventually have been OK. The economy turned

Some entrepreneurs have brought dreams back from the dead

around in the mid-1980s. It was really bad then. ... But I often wonder if I should have just downsized."

The wondering, the doubting, the blaming. Read's feelings are typical of owners who go down with their sinking dream, business experts say. Each year, 700,000 to 800,000 businesses are launched, according to the Wayne State University School of Business. One-third fail within six months, and 75 percent collapse within five years.

Failed small-business owners can lose everything — savings, home, even their family. Their credit is probably in jeopardy. Banks and creditors circle overhead.

But some business owners come back. Undaunted and determined, they put their credit and reputation on the line again for their dream. They accept their loss, accept the blame and learn from past mistakes.

Usually, their riches-to-rags-

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Two comeback stories. Pages 21 and 22.

to-riches saga starts with an acceptance of failure.

"They have to realize there are a lot more failures out there than successes," said Dickran Murmurian, director of the Small Business Development Center at Wayne State. "If I could talk to a business failure who was thinking of starting again, I would try to reassure them that failure happens a lot."

Comeback entrepreneurs realize they cannot control everything, said Bill Beardsley, man-

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ager of small-business services for Society Bank.

"There are times that things are beyond your control. For example, if health-care reform had (gone) through, many small-business owners would have been affected, but it would have been beyond the control of them."

Beardsley deals with many businesses of less than \$3 million in sales. When his bank is considering a loan for a once-failed business owner, it often looks to see how the owner dealt with business affairs after going under.

"Are you proactive, or did you hide out from creditors?" he said. "If you met them and said, 'Here is what we're faced with,' that looks good."

The bottom line for a failed business owner is that the life-long dream has become a nightmare. It's a blow economically and emotionally.

"There is damage to the self-confidence," said Linda Nierman, an economic-development specialist with the Michigan State University Extension. "It hurts their credit, sure, but it also hurts them personally."

Said R. Gene Racho, owner of E.R. Long & Associates, a Northville business-development company: "That first business, it's their baby. They are really attached. It was a dream that crashed, and for many, they can't get over it."

Racho has worked with several comeback entrepreneurs. He figures he probably has worked with others who fit the description but are embarrassed to mention past flops.

He said a business owner must understand that mistakes were made and admit they made many of them.

"If they can acknowledge, 'Yes, this was my fault,' they can be successful again. . . . Those that can't probably

shouldn't be in business."

Accepting blame is embarrassing but essential, Read said. "You try to shift blame . . . saying the economy was bad or whatever. But you're the business owner. You have to take on some of the blame."

"Then, if you're driven, if you want to own your own business, you get back into it," said Read, who today owns a \$3 million temporary-anesthesia-services company.

After conceding blame, comeback entrepreneurs are ready to realize they can't do it all well, said Murmurian.

"Failure is not something you can learn in school. . . . They finally learn what they don't know," he said. "Too many small-business owners don't know about things like cash flow and refuse to admit that they don't."

Racho said: "A business owner who understands their weaknesses is a better business owner. They are more willing to delegate in the area (in which) they are not strong."

Comeback business owners may find a better reception than they expect. There is a new acceptance or understanding of failure in the business world, Murmurian said. Lenders realize that mistakes happen — and that people experienced with failure have a knowledge they couldn't get from books, he said.

"I think bankers hold new appreciation for business owners who fail and can demonstrate that they've taken something from the experience," Murmurian said.

Beardsley, whose bank handles about six small-business loans a quarter, said comeback entrepreneurs must exhibit that they've learned.

"It's up to them to prove it was a plus rather than a minus," he said. **CSB**

■ 'I JUST HAVE UPS AND DOWNS'

His reconstructed career began with survival instinct

BY JEFFREY McCRACKEN
CRAIN'S SMALL BUSINESS

In 1975, Tom Dzon nearly lost it all.

Skyrocketing interest rates cost him his three businesses — a real-estate agency, a construction company and an architectural firm, all of which relied too heavily on a suddenly unsteady housing market.

He lost valuable property in Birmingham, lost his office and eventually his job. The second mortgage he'd taken on his home to save his 4-year-old business became an unrelenting burden.

Failure turned to tragedy as his business partner's wife died.

Dzon had no business shoulder to lean on.

Financially, he was unstable — to say nothing of his emotions.

"I came pretty close to losing it . . . emotionally," said the 54-year-old Dzon. "But I paid off the bills and kept the wolves away or at least at bay."

As former assets disappeared and creditors closed

in, Dzon felt as if he'd hit rock bottom.

"When it comes down to that eleventh hour, you feel like there's nowhere else to go. You really can't go down anymore, but it doesn't feel like you'll ever get up," he said.

"I can see where people can consider suicide."

Dzon, a University of Michigan graduate, said he was able to bounce back by focusing on survival. He went out and got a job with an architectural engineering firm. From there he tried slowly to pick up the pieces.

"I think survival is an important mode of thinking," Dzon said. "Part of my character has always been to survive and look out for myself. I think that helped me during that time."

Soon after, Dzon moved to the East Coast. He accepted an architectural job in New York and eventually oversaw business in 14 counties for his firm.

He later opened several businesses in New York — a bar, a video arcade, and a taxicab and fleet service. He kept them afloat for three years before moving back to Michigan in 1987.

Dzon returned just looking for a comfortable job, but after working for various businesses and builders, he opened Landmark Construction in Warren in 1989.

Dzon, with Vice President Jim Scott, employs 10 full- and six part-time workers. Landmark is a general contractor specializing in repairs and remodeling in the industrial sector.

Clients include the Big Three, TRW and Johnson Controls Inc. Revenue should hit \$1 million in 1995.

Failure has taught Dzon. He doesn't let a business attach itself to him financially, personally or emotionally.

"I don't let myself get emotional about it now. I used to be proud to call myself an architect."

"Now I just consider myself a businessman. That prestige stuff is fleeting. Family," said the recently divorced Dzon, "is what's important."

Scott, for his part, appreciates that Dzon has endured the business owner's nightmare.

"He keeps me in line. I'm

more emotional, business-wise, than Tom. He's been through the worst and stays sensible about the business."

Nearly 20 years removed from his business failure, Dzon said he's still making plenty of mistakes — but doesn't get discouraged.

"In our second year here, we tried a side venture of paving roads with state and federal funds, and we diversified into residential concrete flatwork," he said. "Both ventures failed, but we moved on."

"I don't look at myself as a failure. I just have ups and downs. They happen."

"When they do, now I just move on." **CSB**